

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Tonship of Bushnell	County Montcalm
Fiscal Year End March 31, 2007	Opinion Date March 6, 2008	Date Audit Report Submitted to State March 7, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

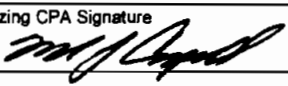
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
		Zip 48707	
Authorizing CPA Signature 		Printed Name Mark J. Campbell	License Number 1101007803

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	5
Government-wide Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	7
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Notes to Financial Statements	11-15
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	16
Other supporting information:	
General Fund Expenditures by Detailed Account	17-18
Current Tax Collection Fund – Statement of Changes in Assets and Liabilities	19
Current Tax Collection Fund Statement of Cash Receipts and Disbursements	20

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

March 6, 2008

To the Township Board
Township of Bushnell
Montcalm County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Bushnell, Montcalm County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Bushnell's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Bushnell, Montcalm County, Michigan as of March 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., PC
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the Township of Bushnell covers the Township's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$82,815.45 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$149,140.08 from governmental activities. Governmental activities had a \$17,596.18 increase in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund and the Current Tax Collection Fund.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS- ENTITY-WIDE
FINANCIAL INFORMATION – CONDENSED FINANCIAL INFORMATION
March 31, 2007

	Governmental Activities 2007
Current Assets	74 028
Capital Assets	<u>8 787</u>
Total Assets	<u>82 815</u>
Current Liabilities	-
Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Net Assets:	
Invested in Capital Assets	8 787
Unrestricted	<u>74 028</u>
Total Net Assets	<u><u>82 815</u></u>

	Governmental Activities 2007
Program Revenues:	
Fees and charges for services	12 874
Capital Grants and Contributions	1 500
General Revenues:	
Property taxes	24 906
State Revenue Sharing	106 178
Interest	2 998
Miscellaneous	<u>684</u>
Total Revenues	<u>149 140</u>
Program Expenses:	
Legislative	8 859
General Government	39 691
Public Safety	11 000
Public Works	68 804
Culture and Recreation	<u>3 190</u>
Total Expenses	<u>131 544</u>
Increase in Net Assets	17 596
Net Assets, April 1	<u>65 219</u>
Net Assets, March 31	<u><u>82 815</u></u>

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are highways and streets which incurred expenses of \$68,797.42.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$1,500.00 in capital assets.

The Township's governmental activities paid \$0 on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk at 8129 Sheridan Road, Sheridan, Michigan 48884.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	69 610 49
Taxes receivable	<u>4 417 62</u>
Total Current Assets	<u>74 028 11</u>
NON-CURRENT ASSETS:	
Capital Assets	19 953 74
Less: Accumulated Depreciation	<u>(11 166 40)</u>
Total Non-current Assets	<u>8 787 34</u>
TOTAL ASSETS	<u><u>82 815 45</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES	
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	8 787 34
Unrestricted	<u>74 028 11</u>
Total Net Assets	<u>82 815 45</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>82 815 45</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

		Program Revenue		Governmental Activities
				Net (Expense)
	Expenses	Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Legislative	8 859 22	-	-	(8 859 22)
General government	39 691 26	12 874 10	1 500 00	(25 317 16)
Public safety	11 000 00	-	-	(11 000 00)
Public works	68 803 42	-	-	(68 803 42)
Culture and recreation	3 190 00	-	-	(3 190 00)
Total Governmental Activities	131 543 90	12 874 10	1 500 00	(117 169 80)
General Revenues:				
Property taxes				24 906 49
State revenue sharing				106 177 86
Interest				2 997 58
Miscellaneous				684 05
Total General Revenues				134 765 98
Change in net assets				17 596 18
Net assets, beginning of year				65 219 27
Net Assets, End of Year				82 815 45

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	<u>General</u>
<u>Assets</u>	
Cash in bank	69 063 31
Taxes receivable	4 417 62
Due from other funds	<u>547 18</u>
Total Assets	<u>74 028 11</u>
<u>Liabilities and Fund Equity</u>	
Liabilities	<u>-</u>
Total liabilities	<u>-</u>
Fund equity:	
Fund balances:	
Unreserved:	
Undesignated	<u>74 028 11</u>
Total fund equity	<u>74 028 11</u>
Total Liabilities and Fund Equity	<u>74 028 11</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 74 028 11

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	19 953 74
Accumulated depreciation	<u>(11 166 40)</u>

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES 82 815 45

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>
Revenues:	
Property taxes	24 906 49
Licenses and permits	1 216 00
State revenue sharing	106 177 86
State grant	1 500 00
Charges for services – PTAF	11 022 52
Charges for services – Other	635 58
Interest	2 997 58
Miscellaneous	<u>684 05</u>
Total revenues	<u>149 140 08</u>
Expenditures:	
Legislative:	
Township Board	8 859 22
General government:	
Supervisor	4 142 84
Elections	2 441 13
Assessor	10 055 23
Clerk	6 834 07
Board of Review	460 00
Treasurer	9 866 39
Building and grounds	747 40
Cemetery	4 800 00
Public safety:	
Fire protection	11 000 00
Public works:	
Highways and streets	68 797 42
Drains	6 00
Culture and recreation:	
Library	600 00
Aging	500 00
Parks and recreation	2 090 00
Capital outlay	<u>1 500 00</u>
Total expenditures	<u>132 699 70</u>
Excess of revenues over expenditures	16 440 38
Fund balance, April 1	<u>57 587 73</u>
Fund Balance, March 31	<u><u>74 028 11</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 16 440 38

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(344 20)
Capital Outlay	<u>1 500 00</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 17 596 18

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Bushnell, Montcalm County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Bushnell. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was .8378 mills, and the taxable value was \$29,541,749.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Equipment	10 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>69 610 49</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	87 590 22
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>87 590 22</u>

The Township of Bushnell did not have any investments as of March 31, 2007.

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
<u>Governmental Activities:</u>				
Land	2 000 00	-	-	2 000 00
Buildings	12 526 74	-	-	12 526 74
Equipment	3 927 00	1 500 00	-	5 427 00
 Total	 18 453 74	 1 500 00	 -	 19 953 74
Accumulated Depreciation	(10 822 20)	(344 20)	-	(11 166 40)
 Net Capital Assets	 <u>7 631 54</u>	 <u>1 155 80</u>	 <u>-</u>	 <u>8 787 34</u>

Note 5 – Pension Plan

The Township has a defined contribution pension plan that covers elected officials. For the fiscal year ended March 31, 2007, the Township pension expense was \$1,376.93.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

The Township of Bushnell does not issue building permits. Building permits are issued by the County of Montcalm.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	547 18	Current Tax Collection	547 18
Total	<u>547 18</u>	Total	<u>547 18</u>

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	25 000 00	25 000 00	24 906 49	(93 51)
Licenses and permits	100 00	100 00	1 216 00	1 116 00
State revenue sharing	99 000 00	99 000 00	106 177 86	7 177 86
State grant	-	-	1 500 00	1 500 00
Charges for services:				
Property tax administration	10 000 00	10 000 00	11 022 52	1 022 52
Other	200 00	200 00	635 58	435 58
Interest	1 650 00	1 650 00	2 997 58	1 347 58
Miscellaneous	-	-	684 05	684 05
Total revenues	<u>135 950 00</u>	<u>135 950 00</u>	<u>149 140 08</u>	<u>13 190 08</u>
Expenditures:				
Legislative:				
Township Board	12 000 00	12 000 00	8 859 22	(3 140 78)
General government:				
Supervisor	4 700 00	4 700 00	4 142 84	(557 16)
Elections	2 500 00	2 500 00	2 441 13	(58 87)
Assessor	13 000 00	13 000 00	10 055 23	(2 944 77)
Clerk	7 200 00	7 200 00	6 834 07	(365 93)
Board of Review	1 000 00	1 000 00	460 00	(540 00)
Treasurer	9 500 00	9 866 39	9 866 39	-
Building and grounds	2 500 00	2 500 00	747 40	(1 752 60)
Cemetery	6 500 00	6 500 00	4 800 00	(1 700 00)
Public safety:				
Fire protection	10 500 00	11 000 00	11 000 00	-
Public works:				
Highways and streets	77 109 00	77 109 00	68 797 42	(8 311 58)
Drains	6 00	6 00	6 00	-
Culture and recreation:				
Library	600 00	600 00	600 00	-
Aging	500 00	500 00	500 00	-
Parks and recreation	2 500 00	2 500 00	2 090 00	(410 00)
Capital outlay	1 500 00	1 500 00	1 500 00	-
Total expenditures	<u>151 615 00</u>	<u>152 481 39</u>	<u>132 699 70</u>	<u>(19 781 69)</u>
Excess (deficiency) of revenues over expenditures	<u>(15 665 00)</u>	<u>(16 531 39)</u>	<u>16 440 38</u>	<u>32 971 77</u>
Fund balance, April 1	<u>61 908 46</u>	<u>61 908 46</u>	<u>57 587 73</u>	<u>(4 320 73)</u>
Fund Balance, March 31	<u>46 243 46</u>	<u>45 377 07</u>	<u>74 028 11</u>	<u>28 651 04</u>

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Township Board:	
Wages	819 39
Insurance	5 673 00
Pension	1 376 93
Supplies	100 00
Dues	640 90
Miscellaneous	249 00
	<u>8 859 22</u>
Supervisor:	
Salary	4 003 38
Supplies	3 90
Miscellaneous	135 56
	<u>4 142 84</u>
Elections:	
Wages	1 690 00
Supplies	751 13
	<u>2 441 13</u>
Assessor:	
Contracted services	8 791 98
Supplies	1 263 25
	<u>10 055 23</u>
Clerk:	
Salary	6 270 43
Supplies	408 14
Miscellaneous	155 50
	<u>6 834 07</u>
Board of Review:	
Wages	460 00
	<u>460 00</u>
Treasurer:	
Salary	5 994 00
Supplies	3 736 89
Miscellaneous	135 50
	<u>9 866 39</u>
Building and grounds:	
Contracted services	595 00
Utilities	152 40
	<u>747 40</u>
Cemetery:	
Repairs and maintenance	4 695 00
Supplies	105 00
	<u>4 800 00</u>
Fire protection:	
Contracted services	11 000 00
	<u>11 000 00</u>
Highways and streets:	
Contracted services	68 679 95
Street lights	117 47
	<u>68 797 42</u>
Drains:	
Contracted services	6 00
	<u>6 00</u>

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Library:	
Contracted services	<u>600 00</u>
Aging:	
Contracted services	<u>500 00</u>
Parks and recreation:	
Contracted services	<u>2 090 00</u>
Capital outlay	<u>1 500 00</u>
Total Expenditures	<u><u>132 699 70</u></u>

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2007

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/07</u>
<u>Assets</u>				
Cash in Bank	<u>400 54</u>	<u>741 342 41</u>	<u>741 195 77</u>	<u>547 18</u>
<u>Liabilities</u>				
Due to General Fund	400 54	31 663 03	31 516 39	547 18
Due to other units	<u>-</u>	<u>709 679 38</u>	<u>709 679 38</u>	<u>-</u>
Total Liabilities	<u>400 54</u>	<u>741 342 41</u>	<u>741 195 77</u>	<u>547 18</u>

TOWNSHIP OF BUSHNELL
Montcalm County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2007

Cash in bank – beginning of year	<u>400 54</u>
Cash receipts:	
Property taxes	734 010 59
Administration fees	7 266 77
Interest	<u>65 05</u>
Total cash receipts	<u>741 342 41</u>
Total beginning balance and cash receipts	<u>741 742 95</u>
Disbursements:	
Township General Fund	31 516 39
Montcalm County	312 713 11
Montcalm Area Intermediate School District	87 794 92
Ionia County Intermediate School District	8 736 70
Central Montcalm School District	179 641 90
Carson City Area Schools	40 635 14
Palo Community Schools	14 230 20
Montcalm Community College	64 665 00
Refunds	<u>1 262 41</u>
Total disbursements	<u>741 195 77</u>
Cash in Bank – End of Year	<u><u>547 18</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

March 6, 2008

To the Township Board
Township of Bushnell
Montcalm County, Michigan

We have audited the financial statements of the Township of Bushnell for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Bushnell in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Bushnell
Montcalm County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,


CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants